

AMENDED IN ASSEMBLY APRIL 29, 2003

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

ASSEMBLY BILL

No. 1416

Introduced by Assembly Member Vargas

February 21, 2003

~~An act to amend Section 7530 of the Government Code, relating to state and local government. An act to add to Chapter 4.5 (commencing with Section 900) to Division 4 of the Military and Veterans Code, and to add and repeal Article 4 (commencing with Section 18732) of Chapter 3 of Part 10.2 of Division 2 of the Revenue and Taxation Code, relating to veterans' dependents.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 1416, as amended, Vargas. ~~State and local government: identification~~ *Dependents of veterans: California State Freedom Endowment.*

Existing law establishes various educational benefits for dependents of veterans who are killed during military service or totally disabled, as specified.

This bill would create the California State Freedom Endowment in the Department of Veterans Affairs to provide funding for educational and health care expenses for dependents of veterans, as defined. The bill would create the California State Freedom Endowment Fund, which would be funded by private donations and voluntary taxpayer contributions, to provide the moneys for these purposes.

Under existing law regulating the administration of personal income taxes and corporation taxes, individual taxpayers are allowed to

contribute amounts in excess of their tax liability for the support of specified funds or accounts.

This bill would additionally allow taxpayers to designate on their tax returns that a specified amount in excess of their tax liability be transferred to the California State Freedom Endowment Fund. This bill would provide that all moneys contributed to the fund pursuant to these provisions, upon appropriation by the Legislature, would be allocated to the Franchise Tax Board and the Controller, and the Department of Veterans Affairs, as provided.

This bill would provide that these voluntary contribution provisions are repealed on January 1 of the 5th taxable year following the taxable year the fund first appears on the tax return. The bill would also provide that the provisions are repealed for taxable years beginning on or after January 1 of the calendar year in which the Franchise Tax Board estimates, by September 1, that the contributions made on returns filed in that calendar year will be less than \$250,000, or an adjusted amount for certain subsequent taxable years.

~~Existing law requires all public agencies, public entities, districts, cities, counties, and cities and counties, when being identified by the entity for any purpose, to be identified as a public agency, public entity, district, city, county, or city and county, whichever is appropriate.~~

~~This bill would make technical, nonsubstantive changes to this provision.~~

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~ yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 ~~SECTION 1. Section 7530 of the Government Code is~~
2 *SECTION 1. Chapter 4.5 (commencing with Section 900) is*
3 *added to Division 4 of the Military and Veterans Code, to read:*

4
5 *CHAPTER 4.5. CALIFORNIA STATE FREEDOM ENDOWMENT*

6
7 *900. As used in this chapter, the following terms have the*
8 *following meanings:*

9 (a) "Department" means the Department of Veterans Affairs.
10 (b) "Dependent of a veteran" means the natural or adopted
11 child of a veteran, or stepchild of a veteran as defined by the United
12 States Department of Veterans Affairs for compensation purposes.

(c) “Veteran” means any California resident who served in the Armed Forces of the United States and was killed in action or died as a result of war service during any period of hostilities in which the United States was engaged, beginning with the start of the Iraq conflict on March 19, 2003.

902. The California State Freedom Endowment is created in the department for the purpose of providing funding for educational and health care expenses to dependents of veterans. The endowment shall be administered by the department in the following manner:

(a) All dependents of veterans shall be entitled to moneys from the fund to pay the expenses of health care coverage until the age of 21 years. The department shall be responsible for the distribution of those moneys to eligible dependents.

(b) Dependents of veterans shall be entitled to aid for educational expenses in the manner provided in Article 2 (commencing with Section 890) of Chapter 4, and be subject to the eligibility requirements of that article. The moneys provided by this section shall supplement, not supplant, the funding provided by Article 2 (commencing with Section 890) of Chapter 4.

(c) The department shall annually establish the total amount of funding to be awarded for educational and health care expenses. Allocation of funds shall be established based upon the best use of funding for that year, as determined by the department.

904. (a) The California State Freedom Endowment Fund is created in the State Treasury. The department shall deposit in the fund all moneys received for the endowment. The fund shall be self-sustaining and shall consist of moneys received from the following sources:

(1) Donations from private charities. These donations will be accepted from any source and without regard to whether the donor is a California resident. The donations shall be tax deductible in the same manner as donations to tax-exempt charities are under Section 501(c)(3) of the Internal Revenue Code.

(2) Moneys received into the fund pursuant to Article 4 (commencing with Section 18732) of Chapter 3 of Part 10.2 of Division 2 of the Revenue and Taxation Code.

(b) With the exception of the operating costs associated with the management of the fund by the Treasurer, the fund shall be credited with all investment income earned by the account.

1 (c) Money in the fund may be spent only for the purposes of the
2 endowment as specified in this chapter.

3 SEC. 2. Article 4 (commencing with Section 18732) is added
4 to Chapter 3 of Part 10.2 of Division 2 of the Revenue and Taxation
5 Code, to read:

6
7 Article 4. California State Freedom Endowment Fund
8

9 18732. (a) An individual may designate on the tax return that
10 a contribution in excess of the tax liability, if any, be made to the
11 California State Freedom Endowment Fund, established pursuant
12 to Section 904 of the Military and Veterans Code. That designation
13 is to be used as a voluntary contribution on the tax return.

14 (b) Contributions shall be in full dollar amounts and may be
15 made individually by each signatory on a joint return.

16 (c) A designation shall be made for any taxable year on the
17 initial return for that taxable year and once made is irrevocable.
18 If payments and credits reported on the return, together with any
19 other credits associated with the taxpayer's account, do not exceed
20 the taxpayer's liability, the return shall be treated as though no
21 designation has been made. If no designee is specified, the
22 contribution shall be transferred to the General Fund after
23 reimbursement of the direct actual costs of the Franchise Tax
24 Board for the collection and administration of funds under this
25 article.

26 (d) If an individual designates a contribution to more than one
27 account or fund listed on the tax return, and the amount available
28 is insufficient to satisfy the total amount designated, the
29 contribution shall be allocated among the designees on a pro rata
30 basis.

31 (e) (1) The Franchise Tax Board shall revise the form of the
32 return to include a space labeled "California State Freedom
33 Endowment Fund" to allow for the designation permitted under
34 subdivision (a).

35 (2) The form shall also include in the instructions information
36 that the contribution may be in the amount of one dollar (\$1) or
37 more and that the contribution shall be used to provide funding for
38 education and health care expenses for the dependents of veterans,
39 as defined in Section 900 of the Military and Veterans Code.

1 (f) A deduction shall be allowed under Article 6 (commencing
2 with Section 17201) of Chapter 3 of Part 10 for any contribution
3 made pursuant to subdivision (a).

4 18733. The Franchise Tax Board shall notify the Controller of
5 both the amount of money paid by taxpayers in excess of their tax
6 liability and the amount of refund money that taxpayers have
7 designated pursuant to Section 18732 to be transferred to the
8 California State Freedom Endowment Fund. The Controller shall
9 transfer from the Personal Income Tax Fund to the California State
10 Freedom Endowment Fund an amount not in excess of the sum of
11 the amounts designated by individuals pursuant to Section 18732
12 for payment into that fund.

13 18734. All moneys transferred to the California State
14 Freedom Endowment Fund, upon appropriation by the
15 Legislature, shall be allocated as follows:

16 (a) To the Franchise Tax Board and the Controller for
17 reimbursement of all costs incurred by the Franchise Tax Board
18 and the Controller in connection with their duties under this
19 article.

20 (b) (1) To the Department of Veterans Affairs for allocation to
21 the California State Freedom Endowment Fund, to be used for the
22 payment of educational and health care expenses of dependents of
23 veterans, pursuant to Chapter 4.5 (commencing with Section 900)
24 of Division 4 of the Military and Veterans Code.

25 (2) The funds may not be used for the administrative costs of the
26 department, except for those associated with the administration of
27 the endowment.

28 18735. It is the intent of the Legislature that this article create
29 an additional funding source to provide benefits for the dependents
30 of veterans, as defined in Section 900 of the Military and Veterans
31 Code, and be used to supplement, not supplant, other funding
32 sources for this cause.

33 18736. (a) This article shall, subject to subdivision (b),
34 remain in effect only until January 1 of the fifth taxable year
35 following the first appearance of the California State Freedom
36 Endowment Fund on the tax return, and as of that date is repealed,
37 unless a later enacted statute that is enacted before the applicable
38 date deletes or extends that date.

39 (b) If, in the second calendar year after the first taxable year the
40 California State Freedom Endowment Fund appears on the tax

1 return, the Franchise Tax Board estimates by September 1 that
2 contributions described in this article made on returns filed in that
3 calendar year will be less than two hundred fifty thousand dollars
4 (\$250,000), or the adjusted amount specified in subdivision (c) for
5 subsequent taxable years, as may be applicable, then this article
6 is repealed with respect to taxable years beginning on or after
7 January 1 of that calendar year. The Franchise Tax Board shall
8 estimate the annual contribution amount by September 1 of each
9 year using the actual amounts known to be contributed and an
10 estimate of the remaining year's contribution.

11 (c) For each calendar year, beginning with the third calendar
12 year that the California State Freedom Endowment Fund appears
13 on the tax return, the Franchise Tax Board shall adjust, on or
14 before September 1 of that calendar year, the minimum estimated
15 contribution amount specified in subdivision (b), as follows:

16 (1) The minimum estimated contribution amount for the
17 calendar year shall be an amount equal to the product of the
18 minimum estimated contribution amount for the prior September
19 1 multiplied by the inflation factor adjustment as specified in
20 paragraph (2) of subdivision (h) of Section 17041, rounded off to
21 the nearest dollar.

22 (2) The inflation factor adjustment used for the calendar year
23 shall be based on the figures for the percentage change in the
24 California Consumer Price Index received on or before August 1
25 of the calendar year pursuant to paragraph (1) of subdivision (h)
26 of Section 17041.

27 (d) Notwithstanding the repeal of this article, any contribution
28 amounts designated pursuant to this article prior to its repeal shall
29 continue to be transferred and disbursed in accordance with this
30 article as in effect immediately prior to that repeal.

31 amended to read:

32 ~~7530. All public agencies, public entities, districts, cities,~~
33 ~~counties, and cities and counties shall, when being identified by~~
34 ~~such entity for any purpose, be identified as a public agency, public~~
35 ~~entity, district, city, county, or city and county, whichever is~~
36 ~~appropriate.~~

37 The requirements of this section shall be deemed satisfied if the
38 words "state," "public agency," "public entity," "district,"
39 "city," "county," or "city and county," whichever is appropriate,
40 appears on all letterhead stationery of the public agency, public

1 ~~entity, district, city, county, or city and county, and on all~~
2 ~~identification cards used to identify a representative of a public~~
3 ~~agency, public entity, district, city, county, or city and county. This~~
4 ~~chapter is not intended to require the reprinting of letterhead~~
5 ~~stationery or identification cards and any public agency, public~~
6 ~~entity, district, city, county, or city and county shall have one year~~
7 ~~from the effective date of this chapter to use up old letterhead~~
8 ~~stationery and identification cards. The use by a school district of~~
9 ~~the name “_____ City Schools” shall satisfy the requirements of~~
10 ~~this section.~~

11 ~~Notwithstanding any other provision of law, a written~~
12 ~~application for leave to present a claim pursuant to Section 911.4~~
13 ~~shall be granted when it can be shown that the claimant acted with~~
14 ~~reasonable diligence in pursuing the claim and reasonably~~
15 ~~believed that the responsible entity was not a public agency by~~
16 ~~reason of its representations.~~

